

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-05 H-01 INR-10 L-03  
NSAE-00 NSC-05 PA-01 SP-02 SS-15 ICA-11 ACDA-12  
TRSE-00 OMB-01 EB-08 MCE-00 /087 W  
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P 161758Z JUN 78

FM AMEMBASSY MADRID

TO SECSTATE WASHDC PRIORITY 4976

INFO SECDEF WASHDC

JCS WASHDC

CNO WASHDC

USCINCEUR VAIHINGEN GER

CINCUSNAVEUR LONDON ENG

C O N F I D E N T I A L SECTION 01 OF 02 MADRID 06820

E.O. 11652: GDS

TAGS: MARR, MASS, PCAT, TECH, SP, US

SUBJECT: SPANISH INTEREST IN PRODUCTION IN SPAIN OF U.S.  
MILITARY EQUIPMENT ASSOCIATED WITH THE FAST FRIGATE  
PROGRAM

REF: (A) STATE 148456 (DTG 121733Z JUN 78) (NOTAL)  
(B) MADRID 5981 (DTG 261932Z MAY 78) (NOTAL)  
(C) 77 MADRID 9000 (DTG 161845Z NOV 77) (NOTAL)  
(D) 77 MADRID 7068 (DTG 221327Z SEP 77) (NOTAL)

1. WE APPRECIATE WASHINGTON AGREEMENT IN PRINCIPLE TO AN  
EARLY VISIT BY SPANISH INDUSTRIALISTS INTERESTED IN THE  
PRODUCTION IN SPAIN OF U.S. EQUIPMENT DESTINED TO BE USED  
BY THE SPANISH IN THE CONSTRUCTION OF FAST FRIGATES, A  
PROGRAM IN WHICH THERE IS ACTIVE U.S. NAVY INTEREST AND  
ASSISTANCE.

2. WHILE THE SPANISH MAY HAVE ASPIRATIONS WHICH EXCEED  
THE POSSIBILITIES FOR U.S. COOPERATION UNDER THE TERMS OF  
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SUPPLEMENTARY AGREEMENT 7 OF THE TREATY OF FRIENDSHIP AND  
COOPERATION AND OF U.S. ARMS TRANSFER POLICY, WE DO NOT  
BELIEVE THAT THEIR ACTUAL EXPECTATIONS ARE EXAGGERATED IN  
THIS CASE. SPANISH EXPECTATIONS HAVE BEEN CONSIDERABLY  
DAMPENED BY DELAYS, NOW APPROACHING A YEAR IN LENGTH, AND  
BY THE PAST LACK OF U.S. ENTHUSIASM FOR THIS PROPOSAL  
DESPITE SPANISH GOVERNMENT SUPPORT FOR IT AT THE HIGH

LEVEL. THE SPANISH EXPRESSION OF INTEREST IN POSSIBLE EVENTUAL SALE TO THIRD COUNTRIES OF ITEMS ON WHICH LICENSING ARRANGEMENTS MIGHT BE WORKED OUT AUTHORIZING PRODUCTION IN SPAIN DOES NOT, IN OUR VIEW, REFLECT A MIS-UNDERSTANDING OF U.S. ARMS TRANSFER POLICY, BUT RATHER REFLECTS SIMPLY RECOGNITION OF THE FACT THAT PRODUCTION OF A NUMBER OF ITEMS WOULD PROVE UNECONOMIC IF LIMITED TO THE SPANISH PROGRAM. WE DO NOT BELIEVE THE SPANISH ALREADY HAVE IN MIND EXPORT OF ANY OF THE ITEMS INVOLVED TO SPECIFIC THIRD COUNTRIES.

3. WE WILL OF COURSE CONTINUE TO REVIEW WITH SPANISH AUTHORITIES AS ARRANGEMENTS FOR THIS VISIT PROCEED THE LIMITATIONS IMPOSED BY U.S. ARMS TRANSFER POLICY. BUT WE THINK THAT TO DO SO NOW AGAIN IN ANY DETAIL IN THE CONTEXT OF WHAT IS NO MORE THAN AN AGREEMENT IN PRINCIPLE TO A VISIT, AFTER SUCH LONG DELAYS, WOULD NOT SERVE OUR INTERESTS HERE. WE WOULD VERY MUCH LIKE FIRST TO BE ARMED WITH A MORE SPECIFIC WASHINGTON OFFER.

4. IN THIS CONTEXT, WE REQUEST REVIEW OF THE SPECIFIC LIST OF EQUIPMENT PROVIDED BY THE SPANISH IN THE FALL OF LAST YEAR (REF C) AND OF (A) THE SPECIFIC LIST OF INTERESTED SPANISH FIRMS AND (B) THE ILLUSTRATIVE LIST OF U.S. FIRMS GIVEN TO US IN SEPTEMBER OF LAST YEAR (REF D). IT WOULD SEEM TO US THAT, WITH THIS INFORMATION

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AND THE CONSIDERABLE WEALTH OF KNOWLEDGE WHICH HAS BEEN DEVELOPED IN CNO AND DSAA IN CONNECTION WITH THE PREPARATION OF LETTERS OF OFFER FOR THE FAST FRIGATE PROGRAM, WE WOULD BE ABLE TO MAKE A MORE SPECIFIC OFFER OF A VISIT TO THE SPANISH GOVERNMENT.

5. TO RECAP WHAT WE HAVE REQUESTED IN THESE EARLIER TELEGRAMS, OUR UNDERSTANDING OF WHAT THE SPANISH GOVERNMENT IS ASKING OF US IS FACILITATION OF DIRECT CONTACTS WITH APPROPRIATE U.S. INDUSTRIES, AND IN THIS CONTEXT A GENERAL EXPRESSION OF U.S. GOVERNMENT SUPPORT FOR THIS KIND OF INDUSTRIAL COOPERATION, SO THAT THE SPANISH INDUSTRIES INVOLVED WILL HAVE THE BEST POSSIBLE OPPORTUNITY WITHIN THE CONTEXT OF GENERAL ARMS TRANSFER POLICIES TO MAKE SPECIFIC ARRANGEMENTS ON A CASE-BY-CASE BASIS WITH THESE U.S. INDUSTRIES TO PRODUCE IN SPAIN, RATHER THAN BUYING FROM THESE INDUSTRIES, ITEMS OF EQUIPMENT DESTINED FOR THE NEW SPANISH FAST FRIGATES. THUS, WE WOULD FORESEE THE OFFER OF A VISIT TO THE U.S. CONTAINING A SPECIFIC INVITATION FOR THESE INDUSTRIALISTS TO SPEND ONE OR TWO DAYS IN WASHINGTON FOR GENERAL TALKS WITH APPROPRIATE STATE AND DOD AUTHORITIES AND A SPECIFIC

PROGRAM OF VISITS TO THE U.S. INDUSTRIES INVOLVED, AT  
THEIR RESPECTIVE HEADQUARTERS.

6. WE THINK IT WOULD BE EXTREMELY HELPFUL TO MAKING THE  
PROSPECTIVE VISIT TO WASHINGTON OF FIRST VICE PRESIDENT  
AND DEFENSE MINISTER GUTIERREZ MELLADO SUCCESSFUL IF A  
MORE SPECIFIC U.S. OFFER COULD BE PROVIDED SOON.

7. AS A FOOTNOTE TO THE ABOVE, WE HAVE JUST LEARNED  
DIRECTLY FROM THE PRESIDENT OF THE DEFENSE COMMITTEE OF

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C O N F I D E N T I A L SECTION 02 OF 02 MADRID 06820

THE SPANISH SENATE THAT SERIOUS CONSIDERATION IS BEING  
GIVEN IN THAT COMMITTEE OF THE SENATE TO A RESOLUTION  
WHICH WOULD CALL ON THE SPANISH GOVERNMENT TO REQUIRE  
SPECIFIC BENEFITS TO SPANISH INDUSTRY IN ALL FUTURE ARMS  
ACQUISITIONS ABROAD. BREMENT

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## Message Attributes

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**Concepts:** PRODUCTION, MILITARY EQUIPMENT  
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